



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Naples Bancorp, Inc./Bank of Naples

Person to be contacted regarding this report:	Charles J. Gisler, Jr.
CPP Funds Received:	\$4,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	3/27/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	3238596
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	35396
City:	Naples
State:	Florida

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	TARP funds enabled Bank of Naples to continue to meet the credit needs of the community by making new loans and refinancing loans to existing borrowers totalling \$14 million during the remainder of the TARP reporting year.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	TARP funds enabled Bank of Naples to continue to meet the credit needs of the community by making new loans and refinancing loans to existing borrowers in all loan categories (residential mortgage, commercial mortgage, small business and consumer loans).
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Through the use of TARP funds, Bank of Naples was able to increase loan loss reserves from \$2.7 million to \$3.2 million. This enabled the bank to continue operating in a safe and sound manner.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	In 2009, shareholders contributed approximately \$5million in additional capital. This capital was used in part to charge off non-performing loans.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The receipt of TARP funds enabled the bank to avoid falling below well-capitalized levels, which, in turn, allowed loan officers more flexibility in working with certain customers to restructure troubled debt, thereby avoiding additional charge-offs. This indirectly resulted in job preservation for some small businesses who may otherwise have had to cease operations had foreclosure proceedings been pursued.

In order to stay with our good borrowers and meet the needs of some expanding customers, the \$4 million in TARP funding allowed the bank to maintain a quality loan portfolio. Without TARP funding we would have been forced to turn away good customers in order to maintain regulatory well-capitalized risk-based ratios. Through the period we remained a well capitalized bank.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

By maintaining balanced capitalization ratios, the bank was able to continue offering loans in the community, compared to some of its competitors that virtually "shut down" their lending practices. Bank of Naples was able to lend approximately \$14 million in the local community. These loans fostered home ownership, enabled small businesses to expand, and enable consumers to do home repairs.

Like most banks in our market area, we experienced substantial losses and provided very large increases in reserves for loan losses. These needs were funded by capital that was raised from existing shareholders.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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